

CITY OF EXCELSIOR
Hennepin County, Minnesota

MINUTES

City Council Work Session

Monday, July 1, 2013

1. Call to Order/Roll Call

Mayor Gaylord called the meeting to order at 6:10 p.m.

Councilmembers present: Beattie, Caron (arrived at 6:15 p.m.), Miller, and Mayor Gaylord

Councilmembers absent: Fulkerson

Also Present: City Manager Luger, Public Works Superintendent Wisdorf, Finance Officer Tumberg, and City Clerk Johnson

2. Agenda Approval

Beattie moved, Miller seconded, to approve the agenda. Motion carried 3/0.

3. 2014 Preliminary General Fund Budget

Tumberg said that the Council discussed several items related to the preliminary 2014 General Fund budget at the June 17th Work Session. The Council reviewed the intergovernmental revenue and fines and forfeits and agreed to leave the amounts as presented. The Council discussed the revenues received from rent and decided that the revenues and expenditures associated with the rental properties should be reclassified to the Capital Improvement Fund. Staff has verified with the City's auditor that the reclassification is acceptable.

The Council had also agreed to keep the revenues and expenses associated with the new format for the 2013 Concerts in the Park series in the 2014 preliminary budget. The Council decided to leave the increase for staff salaries and the market rate adjustment for the City Planner in the preliminary budget.

The Council also discussed the impact of the recent Charter Amendment and asked staff to provide an accounting of Charter-related costs. Those costs total approximately \$2,003.

Tumberg said that after factoring in all of the proposed changes made to the preliminary budget and levy, the current 2014 preliminary General Fund budget stands at a decrease of 3.64% or (\$66,927) and the preliminary tax levy is at a .71% decrease or (\$9,349). She noted that

3. 2014 Preliminary General Fund Budget – (Continued)

there were a number of items the Council didn't have enough time to discuss at the June 17th work session, which should be discussed at this time.

Tumberg said that the City contracts with Southwest Assessing (Rolf Erickson Enterprises, Incorporated) for property assessment services. The City has received a request for a 2.6% increase to the contract. The one-year contract begins August 1, 2013. This increase, and a buffer for a potential August 1, 2014 increase, has been factored into the 2014 preliminary budget. The Council asked if it is possible to have the contract go from January through December. Staff stated that the August through July contract is the term for assessments.

Tumberg said that consulting planner fees has been increased to accommodate the City's retainer and required meetings of the consulting planner. The Council should decide how much, if any, funds to allocate to this line item for miscellaneous projects such as parking and franchise business studies. Staff has developed an inventory of projects and related costs for each of the projects for the past few years to aid the Council in their discussions.

Mayor Gaylord asked if the City typically gets an estimate for projects from the consulting planner, Scott Richards before the project begins. Staff said no.

Mayor Gaylord asked how much is Richards's retainer. Tumberg said \$850 per month plus the cost for attending meetings (with the exception of the Planning Commission meetings).

Luger said staff is looking for guidance from the Council on how many projects the Council would like Richards to work on and then staff will manage the projects with him.

Tumberg said there are three studies that will probably not be completed in 2013 and will carry over into 2014.

Beattie said that the consulting planner costs seem to have been very consistent over the past three or four years.

Caron asked if staff looked at what the Council's goals are over the next year or so. Tumberg said that staff had a discussion with Richards and there was some discussion on the goals.

Caron said it looks like the City should plan better for the projects rather than just moving forward with them.

Mayor Gaylord said that maybe Richards could provide an estimated cost for the projects. Staff said that is too difficult to do an estimate with the type

3. 2014 Preliminary General Fund Budget – (Continued)

of projects Richards does. It's difficult to know how much research will be needed.

Beattie said he does not think this line item is out of control. Tumberg said the City has only been budgeting \$10,000, which doesn't even cover the retainer and the total cost has been around \$40,000 per year.

Miller asked how the extra costs have been covered. Tumberg said the costs have been covered by using excessive revenues in the General Fund.

Miller said if the City has historically been spending a specific amount, the City should budget for what it normally spends.

Mayor Gaylord asked if it would be possible to hire a junior planner. Luger said that the costs would be higher once you factored in the benefits.

Beattie said that the costs do not seem out of line for the work he does. He asked how the amount that Richards is paid compares to what the City pays for other consultants. His impression is that the City gets a bargain from its consultants.

Tumberg said that consultant fees are factored into the long term financial plan.

Mayor Gaylord said that the Council should set an amount for Richards and then tell him if he is going to go over that amount that he needs to talk to the Council first.

The Council decided to establish a budget of \$42,000 for consulting planning services.

Tumberg said that the South Lake Minnetonka Police Department (SLMPD) held their first budget meeting on June 26th where the SLMPD proposed a 3.3% increase in the member cities' costs. The City's preliminary 2014 budget previously included a projected 3.5% increase for police services (the June 3rd work session memo inaccurately stated a 3% increase was included). Excelsior's portion of the SLMPD operating budget includes a 3.34% increase or \$19,582. Staff has adjusted the police services increase to reflect the increase proposed by the SLMPD.

Mayor Gaylord asked if the police budget is cut back, what services is the City willing to go without? Caron said a number of years ago the costs for paper, printing, use of the building, firing range, etc. were all areas where costs seemed excessive.

Mayor Gaylord said he thinks there are areas of the budget that can be decreased. The police budget has steadily increased every year by over 3%

3. 2014 Preliminary General Fund Budget – (Continued)

per year. He would like to see an increase of no more than 2.8% for the police budget.

Tumberg said that the preliminary 2014 Excelsior Fire District budget includes a total overall increase of 2%. However, Excelsior will be responsible for a larger portion of the EFD's budget because the City's tax capacity has decreased at a much slower rate than the other communities. Excelsior's portion of the operating budget includes a 7.95% increase or \$6,584 and a 3.80% increase or \$2,819 for debt service expenses.

Tumberg said that the City contracts with Metro West Inspections for building, mechanical, and plumbing inspections. Metro West has requested a fee increase for 2014 from 30% of the permit fees to 32% of the permit fees. The 2014 preliminary budget has been increased to accommodate this change.

Tumberg said that during the 2013 legislative session congress approved a sales tax exemption for cities. It is difficult to predict the exact impact this will have on the City's 2014 budget, so no changes have been made to individual line items at this time. Initial projections indicate the City will save approximately \$3,000 overall. If the exemption continues past 2014, staff will factor the sales tax exemption into the 2015 budget.

Tumberg said that the Council suggested moving the building rental revenues into the Capital Improvement Fund, but the Council didn't discuss the water tower antenna rental revenue. The revenues from the water antenna could be moved to the Water Fund and used for future water-related capital improvements. If the Council decides to reclassify the antennal rental revenues, the levy will need to increase 1.22%.

Miller said that the water antenna rent is more constant, so that could be left in the General Fund and then phased out and put it in the Water Fund towards capital costs.

Caron said it is interesting how the City used to have to rely on the rental money and now that the City has adequate funding the rental can be taken out of the General Fund.

The Council agreed to leave the water tower rent in the General Fund at this time.

Miller said a couple of years ago there was talk about starting a capital fund to cover larger expenses for maintaining the police/fire building. He asked if this was brought up during the recent SLMPD budget discussions. Mayor Gaylord said no. Miller said that when this is discussed, there needs to be a policy established on what expenditures would be considered capital.

4. Adjournment

Beattie moved, Caron seconded, to adjourn at 6:58 p.m. Motion carried 4/0.

Respectfully submitted,

Cheri Johnson
City Clerk